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ACTION EB-06

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 RSC-01 TRSE-00

EUR-08 AEC-05 ISO-00 ACDA-05 /026 W

----- 079823

R 221500Z OCT 74

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TO SECSTATE WASH DC 3986

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 24884

EXCON

E.O. 11652: XGDS1

TAGS: ESTC, COCOM

SUBJECT: COCOM LIST REVIEW OPENING STATEMENTS

SUMMARY: STATEMENTS AT OPENING OF COCOM LIST REVIEW CONTAINED NO REAL SURPRISES. MAJOR EMPHASIS BY OTHER DELS WAS ON NEED FOR REVISION OF LISTS TO TAKE ACCOUNT OF TECHNICAL DEVELOPMENT IN COMMUNIST COUNTRIES AND POLITICAL AND ECONOMIC CHANGES THROUGHOUT THE WORLD. NEED FOR "FLEXIBILITY" IN LISTS AND IN THEIR INTERPRETATION WAS ALSO STRESSED. UK AND FRENCH DELS REFERRED TO NEED FOR EMBARGO LIST THAT WAS DEFENSIBLE TO THE PUBLIC. FRENCH DEL EMPHASIZED ECONOMIC CRISIS BROUGHT ON BY OIL SHORTAGE AND EFFECT OF COCOM RESTRICTIONS ON DOMESTIC ECONOMIES OF MEMBER COUNTRIES. GENERAL SENTIMENT STRONGLY FAVORED SUBSTANTIAL REDUCTION IN LISTS. END SUMMARY.

1. THE 1974 LIST REVIEW OPENED WITH STATEMENTS THAT CONTAINED NO REAL SURPRISES. AFTER RITUAL REAFFIRMATION OF LOYALTY TO COCOM AND CONTINUED NEED FOR EMBARGO, DELS VOICED THEIR DESIRE FOR REVISION OF LISTS TO TAKE INTO ACCOUNT TECHNICAL DEVELOPMENT IN COMMUNIST COUNTRIES.

2. UK DEL SAID WE SHOULD TAKE ACCOUNT ALSO OF BOTH
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POLITICAL AND ECONOMIC CHANGES THROUGHOUT THE WORLD. IN

A SITUATION MORE FLUID AND LESS PREDICTABLE THAN AT ANY TIME IN RECENT YEARS, PUBLIC OPINION WAS AWARE OF THE NEED FOR EMBARGO BUT CONFUSED ABOUT ITS IMPLICATIONS. THERE WAS INCREASING IMPATIENCE WITH BARRIERS THAT COULD NOT BE RATIONALLY DEFENDED. IT WAS IMPORTANT TO REMEMBER THAT COCOM CRITERIA WERE "STRATEGIC". THEIR INTERPRETATION IN APPLYING GENERAL EXCEPTIONS PROCEDURE HAD NOT BEEN FLEXIBLE ENOUGH, ESPECIALLY WITH RESPECT TO CIVIL END-USE REQUIREMENTS. UK REGARDED GENERAL EXCEPTIONS PROCEDURE NOT ONLY AS A SAFETY VALVE BUT ALSO AS EITHER A BRAKE OR AN ACCELERATOR DESIGNED TO ADAPT EMBARGO TO CIRCUMSTANCES OF INDIVIDUAL CASES. SOME EQUIPMENT HAD A DUAL USE, BOTH CIVIL AND MILITARY; WHAT WAS IMPORTANT WAS TO TREAT IT FLEXIBLY IN LIGHT OF RELEVANT POLITICAL AND ECONOMIC FACTORS. ONLY IF MEMBERS APPROACHED TASK IN THIS WAY COULD THEY ENSURE THAT THEY DID NOT SUBORDINATE THEIR WIDER INTERESTS, POLITICAL, ECONOMIC AND SOCIAL, TO OBSERVANCE OF THE LETTER OF THE LISTS. IN GENERAL, UK STATEMENT REPEATED WHAT THE BRITISH TOLD US IN WASHINGTON.

3. MOST DIRECT REFERENCE TO US POLICY AND INTERESTS WAS MADE BY FRENCH DEL. HE SAID IDEA OF FLEXIBILITY WAS NEW. IT HAD BEEN INSPIRED BY US ACTIONS IN THE PAST FEW YEARS. US HAD OPENED A MARKET HITHERTO "UNTHINKABLE" IN PRC WITH SALE OF EARTH STATIONS AND ADVANCED RECORDING EQUIPMENT. OUR SALE OF DISC DRIVE TECHNOLOGY AND COMPUTERS TO EASTERN EUROPE ALSO MILITATED FOR GREATER FLEXIBILITY. THE WESTERN WORLD NOW FACED AN UNPRECEDENTED UPHEAVAL IN WHICH IT MUST REASSESS ITS FUNDAMENTAL NEEDS. THE ENERGY CRISIS WEIGHS UPON US. PROMOTION OF EXPORTS, ONCE MERELY DESIRABLE, HAS NOW BECOME VITAL. EVERY DAY THERE ARE NEW BANKRUPTCIES AND UNEMPLOYMENT INCREASES.

4. FRENCH DEL CITED PARA 1 (D) DOC REG. (73)3, WHICH PROVIDES THAT COMMITTEE TAKE ACCOUNT OF FACTORS INDICATING THAT DISAPPROVAL OF A PROPOSED EXPORT WOULD INVOLVE RISK OF DAMAGE TO THE EXPORTING COUNTRY'S ECONOMIC, POLITICAL, OR SOCIAL SITUATION SO SERIOUS AS

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TO OVERRIDE SECURITY CONSIDERATIONS INVOLVED. IN THE FUTURE THIS PROVISION MAY BE INVOKED MORE OFTEN THAN IN THE PAST, HE WARNED. IT WOULD BE A MISTAKE NOT TO BEAR IT IN MIND BECAUSE INDUSTRY CAN APPEAL TO PUBLIC OPINION, AND DISTORTED ACCOUNTS OF COCOM ACTIVITIES HAVE APPEARED IN THE PRESS RECENTLY. COMMUNIST COUNTRIES MIGHT TRY TO FOMENT CONFLICT AMONG MEMBER COUNTRIES, WARNED FRENCH DEL, AND THIS COULD WEAKEN US. HE INSISTED

THAT THE COMMITTEE SHOULD RETAIN UNDER EMBARGO ONLY

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AEC-05 CIAE-00 COME-00 ACDA-05 /026 W

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THOSE ITEMS THAT WERE CLEARLY STRATEGIC. TO ACHIEVE THIS, NOT FLEXIBILITY BUT STRICT INTERPRETATION OF COCOM CRITERIA WAS NEEDED.

5. OTHER DELS SOUNDED THE SAME NOTES IN ONE FORM OR ANOTHER. BELGIAN DELEGATE COMPLAINED ALSO OF SLOWNESS IN CONSIDERATION OF INDIVIDUAL CASES, ESPECIALLY THOSE INVOLVING SUBSIDIARIES OF US COMPANIES. IN OBVIOUS REFERENCE TO US HE URGED MEMBERS NOT TO SLOW DOWN THE EXAMINATION OF CASES. THIS WAS ECHOED AS WELL BY ITALIAN DEL WHO ALSO EXPRESSED HIS GOVERNMENT'S STRONG INTEREST IN LIBERALIZATION OF TELECOMMUNICATION ITEMS. HE SAID THAT IT WAS MORE AND MORE DIFFICULT TO EXPLAIN PRESENT "RESERVES AND PROHIBITIONS" TO THE ITALIAN INDUSTRIAL COMMUNITY. HE APPEALED FOR ELIMINATION OF COMPLEX PROCEDURES WHICH HAVE ONLY RETARDED THE CONSIDERATION OF CASES. JAPANESE DECRIED USE OF IC/DV AMONG MEMBER COUNTRIES AS "TIME-CONSUMING AND EXPENSIVE" AND BELIEVED THAT TECHNOLOGICAL PROGRESS IN THE PRC SHOULD BE FACTORED INTO LIST REVIEW DELIBERATIONS. CANADIAN AND GERMAN DELS BOTH CALLED FOR SUBSTANTIAL REDUCTIONS IN THE LISTS TO REFLECT TECHNICAL ADVANCES IN THE EAST. GERMAN DEL ESPECIALLY MENTIONED HIS EXCEPTION REQUEST

IN COCOM DOC. (74) 1859, NOW PENDING BEFORE THE COMMITTEE FOR A NUCLEAR POWER PLANT TO BE CONSTRUCTED IN THE USSR.
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6. WHILE ALL THESE THEMES WERE TO BE EXPECTED, THE STRENGTH OF THE EXPRESSED DESIRE FOR GREATER "FLEXIBILITY" AND FOR LIBERALIZATION OF THE LISTS WAS CLEARLY FELT. EQUALLY NOTEWORTHY WAS ANNOYANCE AT DELAYS IN CONSIDERATION OF EXCEPTION REQUESTS. US SHOULD EXPECT TO FACE STRONG PRESSURE ON THESE FRONTS THROUGHOUT THE LIST REVIEW.

7. COCOM RECORD OF ALL STATEMENTS WILL FOLLOW IN DUE COURSE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE CONTROLS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OECDP24884
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D740301-0453
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741027/aaaaawse.tel
Line Count: 190
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <01 MAY 2002 by boyleja, 3.4.X9>; RELEASED <06 MAR 2003 by shawdg>; APPROVED <06 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COCOM LIST REVIEW OPENING STATEMENTS SUMMARY: STATEMENTS AT OPENING OF COCOM LIST REVIEW
TAGS: ESTC, COCOM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005